



March 20, 2001

Honorable Dan Burton  
Chairman  
Committee on Government Reform  
House of Representatives  
Washington, DC 20515-6143

Dear Mr. Chairman:

My colleagues and I appreciated the opportunity to meet with you earlier to discuss the difficult situation facing the Postal Service and our commitment to provide an acceptable level of universal service to the American people. As we pointed out, legislative change is imperative.

I have enclosed the paper you requested. In very summary form, it outlines the areas where we feel change is necessary. We look forward to working with you and your staff on this very important matter.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert F. Rider".

Robert F. Rider  
Chairman

Enclosure

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## USPS FACES A CRISIS - REFORM IS THE SOLUTION

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	Problems	Solutions
Labor and operations flexibility	<ul style="list-style-type: none"><li>USPS wages and benefits – which represent 76% of total cost – rising faster than inflation and set by outside arbitrators without respect to the impact on prices and customers</li></ul>	<ul style="list-style-type: none"><li>Replace binding arbitration with a collective bargaining process that works effectively and takes into account the needs of all postal employees and customers</li></ul>
Pricing flexibility	<ul style="list-style-type: none"><li>PRC process takes 16 months, making USPS unable to respond to changes in market conditions</li><li>Unable to price competitive products at market rates</li></ul>	<ul style="list-style-type: none"><li>Faster and more responsive rate-making process</li><li>Allow USPS to set its own rates for competitive products</li><li>Ability to sign customized contracts with major customers</li></ul>
Product flexibility	<ul style="list-style-type: none"><li>USPS unable to introduce new products effectively to meet customers' needs</li></ul>	<ul style="list-style-type: none"><li>Ability to introduce new products faster</li><li>Option to maintain confidentiality about competitive products prior to launch</li><li>Ability to provide a wider range of services in post offices</li></ul>
Oversight Model	<ul style="list-style-type: none"><li>Combination of oversight provided by the PRC, Inspector General, GAO, and Congress makes it difficult to quickly respond to market changes and introduces significant red tape</li></ul>	<ul style="list-style-type: none"><li>More effective oversight model</li></ul>
Investment flexibility	<ul style="list-style-type: none"><li>USPS unable to participate in many changes in the mail business because of constraints on creating partnerships, creating joint ventures and making investments</li></ul>	<ul style="list-style-type: none"><li>Broadened investment flexibility</li></ul>